Supreme Court, U.S.
FILED
AUG 12 1971
E. ROBERT SEAVER, CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1971

NO. 71 - 218

RALPH GROUNDS, HENRY HITCH, ET AL.
(LANDOWNERS)
Petitioners,

vs.

NORTHERN NATURAL GAS COMPANY, ET AL.
(HELEX GROUP)
and
SOCONY MOBIL OIL CO., INC.
(MOBIL OIL CORPORATION substituted),
ET AL. (LESSEE-PRODUCERS)
Respondents.

APPENDIX TO LANDOWNERS' PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE TENTH CIRCUIT

"Letters" Inc., 702 South Emporia, Wichita, Kansas 67211 (316) 265-1691

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OPINION OF DISTRICT COURT

MEMORANDUM, FINDINGS OF FACT AND CONCLUSIONS OF LAW

Filed September 7, 1968

NATURE OF ACTIONS

These eight consolidated civil actions come before the Court following a protracted trial for findings of fact and conclusions of law with respect to the issues relating to

liability. Six of the cases are actions in the nature of interpleader. Two of the actions are for conversion and reverse condemnation.

All of these actions involve the ownership of helium[1] contained in or extracted from natural gas[2] and produced from wells drilled in the Chase Group of the Permian formation of the Hugoton gas area in Kansas, Oklahoma, and Texas. Helium-bearing natural gas is produced from these lands by producers operating under leases granted by landowners and other owners of mineral interests in these lands. This helium-bearing natural gas is then sold by these producers to pipeline companies, who, generally speaking, transport this gas for resale for industrial and consumer use throughout the mid-Continental United States. In the early 1960's, pursuant to a helium conservation program approved by the Congress and implemented by the Bureau of Mines and the Department of Interior, four companies contracted to sell helium to the United States. The companies proposed to extract this helium from gas in

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[1] Helium is a colorless, odorless, and inert gas. It is the second lightest substance, second only to hydrogen. It can be liquefied only at −452.1°F., nearly absolute zero. It will not react chemically or physically with any other elements. [LPX 5, p. 10; LPX 19, p. 13; LPX 221, p. 431; LOX 792, Tr. 8:583-599].

References to testimony are designated by the volume numbers and pages of the Transcript. References to exhibits presented on behalf of the pipeline companies, the Helex companies, and the United States are designated as "Helex Ex."; the landowner exhibits are designated "LOX", and the lessee-producer exhibits are designated by company name, i.e. "Mobil Ex.....", etc.

All other page references in this and following papers refer to the original pagination of documents on file with the Court.

[2] We use the term "natural gas" to mean (the condition of) the "aeriform fluid" at the time that it emerges from the wellhead regardless of its composition.

helium processing plants built on or near large volume pipelines. The United States agreed to purchase from each company all the extracted helium up to a contract dollar maximum ranging from nine to 15 million dollars a year. From these purchases, the United States supplies its current demands, as well as builds a conserved supply in a Texas storage reservoir.

The fund involved in each interpleader suit is the money paid and to be paid by the United States to the interpleading plaintiffs for the helium-gas mixture produced and sold by them. The claimants to the fund may be grouped, generally speaking, into three classes, referred to collectively herein as the "landowners," the "lessee-producers," and the "helex group," which includes the helium extraction and their parent pipeline companies. The landowners claim, in brief, that helium did not pass to their lessees under the oil and gas, or merely gas, leases by virtue of which natural gas has been and is being produced from their properties. The lessee-producers oppose this position, assert that helium did in fact pass under those leases, but that it passed no further, i.e., that it did not pass to the pipeline companies under the gas purchase contracts under which lessee producers deliver natural gas from the lands in question. The helex group, comprising three pipeline companies and their subsidiary or parent companies, and Phillips Petroleum Company each assert that helium did in fact pass under the oil and gas leases to the lessee-producer, that it passed further, under the gas purchase contracts, and that it was theirs to separate out from the natural gas stream in their possession and sell to the